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AZ CORP COMMISSION
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December 22, 2004

Arizona Corporation Commission

DOCKETED

JAN 20 2005

Commissioner Jeff Hatch-Miller
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Dear Commissioner Hatch-Miller:

DOCKETED BY

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The residents of Tubac, Arizona need your help in solving a problem concerning a significant water rate increase that is being proposed by the Arizona-American Water Company.

In order to meet new Federal EPA standards for arsenic levels effective January 2006, the Arizona-American Water Company plans to build a new arsenic treatment and water storage facility in Tubac. To finance this building project, the Company plans to raise rates for the 517 customers it serves in Tubac by an average \$75.00 per month. In our particular case, this amount represents a 150% increase in our typical monthly water bill. While the Company has amortized the building cost over a 35 year period and apportioned it as a low interest loan to the customer base, the average \$75.00 per month increase is completely unacceptable to us.

Arizona is one of a handful of states that has areas of high arsenic levels in the groundwater due to unique geological conditions. Since the lowering of the minimum levels of arsenic is a Federally mandated requirement, we strongly believe that the Federal and State governments should find appropriate funding to compensate small, rural water systems that need to make significant modifications to meet these new requirements.

The Arizona Corporation Commission will ultimately decide on any proposed rate increases for Arizona-American customers. These rate increases could place a significant financial burden on individual customers or not be enough to keep small water companies from going bankrupt. This is why direct government funding is needed for cases like ours here in Tubac. We desperately need your help in solving this problem!

Sincerely,